

Message Text

LIMITED OFFICIAL USE

PAGE 01 GUATEM 05367 122304Z

61

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 EUR-25 AGR-20 DRC-01 PA-04 PRS-01 USIA-15 L-03

H-03 /209 W

----- 104137

R 122130Z NOV 73

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 1243

INFO AMEMBASSY MANAGUA

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

LIMITED OFFICIAL USE GUATEMALA 5367

E.O. 11652: N/A

TAGS: EGEN, CS, XK

SUBJECT: CACM: IS APATHY THE PREVAILING MOOD?

REF: SAN JOSE 3961

1. SUPERFICIALLY IN GUATEMALA, THE PREVAILING FEELING ABOUT THE CACM MIGHT BE DESCRIBED AS APATHETIC. IN CONTRAST TO ONE YEAR AGO, BUSINESSMEN RARELY RAISE THE SUBJECT IN CONVERSATION, THE PRESS CONTAINS FEW ARTICLES ON PROBLEMS OF INTEGRATION AND INVOLVED GOG OFFICIALS SEEM OCCUPIED WITH OTHER MATTERS. WE SUGGEST, HOWEVER, THAT WHAT HAS EMERGED IS NOT APATHY BUT CONFIDENCE, PERHAPS UNDUE CONFIDENCE.

2. IMMEDIATELY AFTER THE HONDURAN/EL SALVADORAN CONFLICT BOTH PUBLIC AND PRIVATE SECTORS WERE THROWN INTO A STATE OF PANIC; REGIONAL TRADE SEEMED THREATENED AND WITH IT THE INDUSTRIAL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GUATEM 05367 122304Z

STRUCTURE BUILT DURING THE PREVIOUS DECADE. FOR ALMOST TWO YEARS

THIS CONCERN REMAINED AT HIGH LEVELS AS THE RESULT OF TRADE CONFLICTS AND NEGOTIATING FAILURES. EFFORTS FIRST BY EL SALVADOR AND HONDURAS AND LATER BY THE NEUTRAL THREE (WHEN HONDURAS EFFECTIVELY LEFT THE MARKET JAN . 1, 1971) TO OFFSET MARKET LOSSES BY INCREASING SALES ELSEWHERE IN THE REGION LED TO MINI TRADE WARS WHICH IN TURN, THROUGH PRESS COVERAGE, AGITATED BOTH BUSINESS AND THE PUBLIC AT LARGE. NEGOTIATING FAILURES SUCH AS THOSE SURROUNDING THE MODU OPERANDI SIMILARLY WERE NEWSWORTHY AND CAPTURED PUBLIC ATTENTION. THE LAST MAJOR TRADE CONFLICT INVOLVED COSTA RICA, OVER A YEAR AGO. SINCE THAT TIME BUSINESS HAS FOUND THAT ITS SALES ORGANIZATION IS MORE FLEXIBLE AND EFFICIENT THAN WAS GENERALLY BELIEVED NEW MARKET PATTERNS HAVE BEEN CREATED AND AT LEVELS NOW ABOVE THE PRE-CONFLICT TOTAL. (THE SALESMEN WERE AIDED, OF COURSE, IN FINDING ALTERNATIVE MARKETS BY THE COMMODITY EXPORT LED ECONOMIC EXPANSION THAT HAS STIMULATED DEMAND THROUGHOUT THE REGION.) AS A RESULT OF THESE ADJUSTMENTS BUSINESSMEN BECAME CONFIDENT BOTH THAT THE CACM WAS NOT GOING TO COLLAPSE AND THAT THEY POSSESSED THE ABILITY TO RIDE OUT SERIOUS TRADE PROBLEMS. NATURALLY THE WANING OF MINI-TRADE WARS ALSO MEANT A REDUCTION IN PRESS COVERAGE OF MARKET DEVELOPMENTS. IN THE SAME VEIN, THE SUCCESSFUL NEGOTIATION OF THE BILATERALS WITH HONDURAS, THE COMPLETION OF THE SIECA STUDY AND THE CREATION OF THE HIGH LEVEL COMMISSION ENDED THE PERIOD OF APPARENT GOVERNMENTAL FAILURES. SINCE THE NEGOTIATING PROCESS NOW SET IN MOTION IS LARGELY A QUIET BEHIND THE SCENES ONE, FOR STILL ANOTHER REASON PRESS COVERAGE HAS DROPPED AND WITH IT PUBLIC INTEREST.

3. ADMITTEDLY, WITHOUT THE PROD OF AN AGITATED BUSINESS SECTOR AND PUBLIC AT LARGE, THE PUBLIC SECTOR MAY BE APPROACHING THE TASK OF RESTRUCTURING THE MARKET AT SOMETHING LESS THAN MAXIMUM SPEED. ALSO, THE CONFIDENCE OF THE PRIVATE SECTOR COULD MEAN THAT IT DOES NOT FOCUS ON THE COURSE OF RESTRUCTURING UNTIL LATE IN THE PROCESS, WHEN IT MIGHT BE TOO LATE TO ADAPT TO THEIR VIEWS WITHOUT SERIOUSLY DISRUPTING THE NEGOTIATIONS. THESE ARE REAL PROBLEMS, BUT NOT THE PROBLEMS OF APATHY.

DECONTROL AFTER 11/12/75.

DREYFUSS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GUATEM 05367 122304Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, COMMON MARKETS, ECONOMIC INTEGRATION
Control Number: n/a
Copy: SINGLE
Draft Date: 12 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinjw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973GUATEM05367
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731140/aaaabdik.tel
Line Count: 107
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: SAN JOSE 3961
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinml>; APPROVED <20 FEB 2002 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CACM: IS APATHY THE PREVAILING MOOD?
TAGS: EGEN, CS, XK, CACM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005